



July 6, 2016

To: California Air Resources Board, California Energy Commission, California Environmental Protection Agency, California Natural Resources Agency, California State Transportation Agency, and Governor's Office of Business and Economic Development SUBMITTED ONLINE (www.casustainablefreight.org)

Re: California Class 1 Freight Railroads' Comments on Draft Sustainable Freight Action Plan

The California Class 1 Railroads, comprised of Union Pacific Railroad and BNSF Railway, appreciate the opportunity to comment on the Draft Sustainable Freight Action Plan ("Draft Plan"). In addition to these comments, we also support the goods movement industry comments submitted on July 6, 2016.

Appendix C of the Draft Plan recommends that over the next five years the State: 1) support demonstrations of autonomous and connected on-road heavy-duty vehicles, 1 and automated (vehicle-to-vehicle) truck platooning technology, 2 and 2) investigate the possibility of increased truck weight and/or length on key freight corridors. 3 In addition, the Freight Efficiency White Papers, which are included as an attachment to the Draft Plan, recommend relaxing California's truck size and weight laws. 4 The Railroads have the following comments:

1. State investments in technology should be mode neutral and should not lead to an inefficient shift in cargo from one mode to another.

The Draft Plan recommends the State make tremendous investments in technologies to increase the efficiency of the trucking sector. For example, the Draft Plan suggests considering longer and heavier trucks. Such investments and policies could lead to an inefficient shift of cargo from rail to truck, which could actually increase emissions and freeway congestion when rail emits less on a normalized, per-unit basis. We recommend that the plan include an action item to create new funding and/or expand flexibility of existing funding sources for competitive grant programs so that no single mode is favored. This will provide more options for transitioning to more environmentally-efficient technologies.

2. The user or beneficiary of any investment should bear the cost of that investment.

¹ Draft Sustainable Freight Action Plan; May 2016; Page C-58. See http://www.casustainablefreight.org/

² Draft Sustainable Freight Action Plan; May 2016; Page C-67. See http://www.casustainablefreight.org/

³ Draft Sustainable Freight Action Plan, May 2016; Page C-69. See http://www.casustainablefreight.org/

⁴ Freight Efficiency Strategies – A White Paper Series to inform the California Sustainable Freight Action Plan. Strategies to Maximize Asset Utilization in the California Freight System: Part II – Strategies; March 2016; Pages 4, 8, & 29-31. See http://www.casustainablefreight.org/

The Railroads recognize that State investments in technology and/or infrastructure can have both public and private benefits. The Railroads endorse the concept that the public sector should pay for public benefits, and the Railroads believe that the user or beneficiary of an investment should bear the cost of that investment. Any investment in technologies that improve operational efficiency, such as truck platooning technology, should be apportioned in a manner reflecting the proportional benefit received. Specifically, most of the benefits of truck platooning technology will be received by private trucking firms; therefore, most of the funding for this technology should come from the private, not public, sector. Likewise, longer and heavier trucks should pay their fair share of highway and bridge impact and damage.

It is important to note that freight rail infrastructure is privately funded, and the railroads have collectively spent tens of billions of dollars in expanding their infrastructure capacity since the year 2000. The railroads commit billions of dollars annually to expand, maintain, and improve our network, including installation of Positive Train Control, a privately funded safety improvement for rail operations. Such private investments illustrate the significant potential for inequity where large public investment may be more readily provided to one mode of freight transportation than another.

The Railroads look forward to continuing to work with the California agencies as they continue to implement the Sustainable Freight Action Plan.

Sincerely,

Kirk Marckwald

On behalf of the Association of American Railroads, Union Pacific Railroad, and BNSF Railway

Cc: Ladonna DiCamillo, BNSF Railway

Will Marchael

Wes Lujan, Union Pacific Railroad